

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Charter Township of Elmwood</b>	County <b>Leelanau</b>
Audit Date <b>12/31/05</b>	Opinion Date <b>5/26/06</b>	Date Accountant Report Submitted to State: <b>6/30/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Wilsson Ward CPA Firm</b>			
Street Address <b>PO Box 205</b>	City <b>Interlochen</b>	State <b>MI</b>	ZIP <b>49643</b>
Accountant Signature <i>Wilsson Ward CPA Firm</i>		Date <b>6/30/06</b>	

CHARTER TOWNSHIP OF ELMWOOD  
LEELANAU COUNTY  
TRAVERSE CITY, MICHIGAN

AUDIT REPORT

For the Year Ended December 31, 2005

Wilson, Ward CPA Firm  
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3015 M-137

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June 28, 2006

Ms. Derith Smith, Supervisor  
Charter Township of Elmwood

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Charter Township of Elmwood. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Charter Township of Elmwood are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into the Charter Township of Elmwood during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

## Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

## Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Charter Township of Elmwood that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

COMMENT: The collections on ice sales are being appropriately controlled. The Vending machines are not.

RECOMMENDATION: The Township should investigate all vending operations of all types, make appropriate agreements and insure that funds received are receipted through the Treasurer.

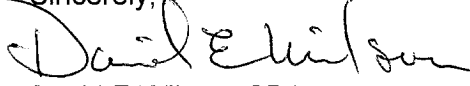
COMMENT: The internal controls in the Marina sited in the prior audit have been implemented and are being enforced.

RECOMMENDATION: Continue to monitor the controls in place. During the audit a surprise visit was completed at the Marina with tests to insure that all controls were in place and being utilized. No deficiencies were noted. A boat check was also made prior to the Marina check and no transients not recorded were noted. Policies regarding annual slip rent left room for interpretation resulting in some internal strife and differences of opinion concerning the amounts to be billed. However, the recommendations regarding the control of these contracts have been implemented. No material differences were noted given the differing interpretations of the policies. These policies have been replaced with new policies which will be evaluated in the next audit. It remains important to not only set policy, but to insure that it is clear who is responsible to enforce those policies.

COMMENT: The Timberlee Water Fund did show an improvement.

RECOMMENDATION: An investigation should be completed to determine if this fund should repay the General Fund for past transfers.

Again, it is important to remember that this report is for information only and provided to management with the sole intent that it can be evaluated with the potential to improve management practices within the township. Thank you for the opportunity to perform your audit and continue the fine relationship.

Sincerely,  
  
David E Wilson, CPA

CHARTER TOWNSHIP OF ELMWOOD  
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# FINANCIAL STATEMENTS

*Wilson, Ward CPA Firm*  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Elmwood Township Board  
Traverse City, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Elmwood Township, Leelanau County, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Elmwood Township's basic financial statements and have issued our report thereon dated May 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Elmwood Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Elmwood Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Elmwood Township in a separate letter dated May 26, 2006.

This report is intended solely for the information and use of the audit committee, management, township board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson, Ward CPA Firm*

Interlochen, MI  
May 26, 2006



*Wilson, Ward CPA Firm*

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INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Charter Township of Elmwood  
Traverse City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Elmwood, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Elmwood, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Elmwood, Michigan, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 26, 2006, on our consideration of the Charter Township of Elmwood, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Wilson, Ward CPA Firm*

Interlochen, MI  
May 26, 2006

## ELMWOOD CHARTER TOWNSHIP

### Management's Discussion and Analysis

#### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

#### The Township as a Whole

The Township's combined net assets increased 4.0 % from a year ago - increasing from \$ 6,657,099 to \$ 6,925,397. This was primarily due to the completion of Greilickville Water System.

This was the second year for the implementation of GASB 34 with the resulting changes in the financial position as reflected on the Governmental Funds Balance Sheet, Statement of Net Assets.

#### The Township's Funds

Our analysis of the Township's major funds begins in the supplemental data following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services. The amount transferred from the General Fund for Fire Services is supported by an operational budget approved by the Township Board.

#### General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets.

## Economic Factors and Next Year's Budgets and Rates:

Elmwood Charter Township's 2006 budget calls for the allocated .6900 mil. With this millage we are able to fund the majority of fire services, general service including recreational parks. There are additional voted millages of .3817 to supplement fire operations and .2970 for police services.

Sewer and water are provided on a fee basis that covers operational expenses. These fee structures are examined on an annual basis to ensure adequate revenue to cover expenses. Both the Timberlee Water System and the Sewer System will likely see fee increases in 2006.

## General Overview of the Accomplishments of Elmwood Charter Township in the 2005 Fiscal Year:

The Greilickville Water System was completed and both the former fire station and the township Marina are now serviced by this system.

The Township finances have been managed very closely. This is reflected in the increased General Fund balance. The Township is in a very healthy state as a whole.

## Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact our office at (231) 946-0921.

CHARTER TOWNSHIP OF ELMWOOD  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, investments and cash equivalents	\$674,118	\$1,294,452	\$1,968,570
Receivables (net)	525,895	964,647	1,490,542
Prepaid Expenditures	5,789	46,734	52,523
Internal balances	57,298	24,234	81,532
Inventories	0		0
Due From Other Funds	90,312		90,312
Capital Assets, net (Note 9)	814,240	4,854,526	5,668,766
Total Assets	<u>2,167,652</u>	<u>7,184,593</u>	<u>9,352,245</u>
<b>LIABILITIES</b>			
Accounts payable	54,799	26,038	80,837
Deferred revenue	525,909	824,338	1,350,247
Due to Other Agencies	135,921	35,923	171,844
Deposits		11,945	11,945
Noncurrent liabilities (Note 2):			0
Due within one year		37,000	37,000
Due in more than one year		1,491,604	1,491,604
Total Liabilities	<u>716,629</u>	<u>2,426,848</u>	<u>3,143,477</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	814,240		814,240
Restricted for:			
Capital projects		3,229,141	3,229,141
Debt Service		1,528,604	1,528,604
Unrestricted (deficit)	636,783	0	636,783
Total Net Assets	<u>1,451,023</u>	<u>4,757,745</u>	<u>6,208,768</u>
Total Liabilities and Net Assets	<u>\$2,167,652</u>	<u>\$7,184,593</u>	<u>\$9,352,245</u>

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Assets	Total
Primary government						
Governmental activities:						
Legislative	\$95,510	\$47,792	\$293,919		\$246,201	\$246,201
General government	213,879	18,247			(195,632)	(195,632)
Public safety	363,928	0			(363,928)	(363,928)
Public works	7,301				(7,301)	(7,301)
Health and Welfare	0				0	0
Community and Economic Development	0				0	0
Recreation and Culture	30,927				(30,927)	(30,927)
Other	85,509				(85,509)	(85,509)
Interest on Long Term Debt	164,012				(164,012)	(164,012)
Total Governmental Activities	961,066	66,039	293,919	0	(601,108)	(601,108)
Business Type Activities						
Enterprise Funds						
Total Primary Government	878,795	708,762			(170,033)	(170,033)
	1,839,861	774,801	293,919	0	(601,108)	(771,141)
Component Unit						
EDC	\$0		\$0			\$0

General revenues:						
Taxes						
Property Taxes-general				\$461,480	\$309,595	\$771,075
Property Taxes-debt service				0		0
State-Shared Revenues				74,353		74,353
Unrestricted Investment Earnings				35,274	118,150	153,424
Franchise taxes				0		0
Contributions				0		0
Miscellaneous				3,143	7,679	10,822
Transfers				33,488	(3,723)	29,765
Total General Revenues-Special Items and Transfers				607,737	431,701	1,039,438
Changes in Net Assets				6,630	261,668	268,298
Net Assets - Beginning				2,161,022	4,496,077	6,657,099
Net Assets - Ending				\$2,167,652	\$4,757,745	\$6,925,397

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	General Fund	Fire Fund	Other Non-major Funds	Total
<b>ASSETS</b>				
Cash, investments and cash equivalents	\$572,395	\$20,097	\$81,626	\$674,118
Receivables (net)	195,791	221,755	108,349	525,895
Prepaid Expenditures	5,789			5,789
Internal balances	57,298			57,298
Inventories				0
Due From Other Funds		90,312		90,312
Capital Assets, net (Note 1)				0
<b>Total Assets</b>	<b>831,273</b>	<b>332,164</b>	<b>189,975</b>	<b>1,353,412</b>
<b>LIABILITIES</b>				
Accounts payable	31,042	8,012	15,745	54,799
Internal balances	135,921			
Accrued payables				
Deferred revenue	195,791	221,755	108,363	525,909
Noncurrent liabilities (Note 2):				
Due within one year				
Due in more than one year				
<b>Total Liabilities</b>	<b>362,754</b>	<b>229,767</b>	<b>124,108</b>	<b>716,629</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt				
Restricted for:				
Capital projects				0
Debt Service				0
Unrestricted (deficit)	468,519	102,397	65,867	636,783
<b>Total Net Assets</b>	<b>468,519</b>	<b>102,397</b>	<b>65,867</b>	<b>636,783</b>
<b>Total Liabilities and Net Assets</b>	<b>\$831,273</b>	<b>\$332,164</b>	<b>\$189,975</b>	<b>\$1,353,412</b>

Amounts reported for Governmental Funds Balance Sheet are different because:

Balance per above		\$1,353,412
Add Capital Assets	814,240	
Less Current Portion of Long Term Debt		
<b>Balance per Statement of Net Assets</b>		<b>\$2,167,652</b>

CHARTER TOWNSHIP OF ELMWOOD  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2005

	General Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes and Penalties	\$150,079	\$80,189	\$231,212	\$461,480
Licenses and Permits	47,792			47,792
Federal Grants				0
State Grants	368,272		0	368,272
Charges for Services	15,729	1,924	594	18,247
Fines and Forfeits				0
Interest and Rentals	31,678	369	3,227	35,274
Other Revenue	37		3,106	3,143
<b>Total Revenues</b>	<b>613,587</b>	<b>82,482</b>	<b>238,139</b>	<b>934,208</b>
<b>Expenditures</b>				
<b>Current</b>				
Legislative	95,510			95,510
General Government	213,879			213,879
Public Safety	116,426	171,456	76,046	363,928
Public Works	7,301		0	7,301
Health and Welfare				0
Recreation and Cultural	30,927			30,927
Other	66,134		0	66,134
Capital Outlay			0	0
Debt Service	0		164,012	164,012
<b>Total Expenditures</b>	<b>530,177</b>	<b>171,456</b>	<b>240,058</b>	<b>941,691</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>83,410</b>	<b>(88,974)</b>	<b>(1,919)</b>	<b>(7,483)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	40,900	54,818	0	95,718
Transfers (Out)	(48,188)		(14,042)	(62,230)
Bond Proceeds	0			0
<b>Total Other Financing Sources (Uses)</b>	<b>(7,288)</b>	<b>54,818</b>	<b>(14,042)</b>	<b>33,488</b>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>76,122</b>	<b>(34,156)</b>	<b>(15,961)</b>	<b>26,005</b>
<b>Fund Balance January 1, 2005</b>	<b>392,397</b>	<b>136,553</b>	<b>81,828</b>	<b>610,778</b>
<b>Fund Balance December 31, 2005</b>	<b>\$468,519</b>	<b>\$102,397</b>	<b>\$65,867</b>	<b>\$636,783</b>

Amounts reported for governmental activities in the statement of activities are different because:

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$26,005</b>
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimate useful lives as depreciation.	(19,375)
Repayment of bond principal is an expenditure in governmental funds, but not in the statement of activities.	0
Changes in compensated absences are recorded when earned.	0
<b>Change in Net Assets of Governmental Activities</b>	<b>\$6,630</b>

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
Combined Balance Sheet  
All Enterprise Funds  
December 31, 2005

	2005
<b>ASSETS</b>	
Cash	\$1,294,452
Account Receivable - Trade	90,325
Account Receivable - SA	849,945
Due From Other Funds	24,234
Other Receivable	1,674
Taxes Receivable	22,703
Prepaid Expense	46,734
Property, Plant & Equipment - Net	<u>4,854,526</u>
 Total Assets	 <u><u>7,184,593</u></u>
 <b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES:</b>	
Accounts Payable	23,038
Deferred Revenue	824,338
Security Deposits	11,945
Accrued Interest Payable	3,000
Due To Other Funds	35,923
Bonds Payable	<u>1,528,604</u>
 Total Liabilities	 2,426,848
<b>FUND EQUITY:</b>	
Retained Earnings	
Unreserved	0
Reserved	<u>4,757,745</u>
 Total Fund Equity	 <u>4,757,745</u>
 Total Liabilities and Fund Equity	 <u><u>\$7,184,593</u></u>

The footnotes are an integral part of these Financial Statements.



CHARTER TOWNSHIP OF ELMWOOD  
Combined Statement of Revenues, Expenditures and  
Changes in Retained Earnings  
All Enterprise Fund Types  
For the Year Ended December 31, 2005

OPERATING REVENUES

Charges for Service	\$708,762	
Taxes	309,595	
Refunds and Other	<u>7,679</u>	
Total Operating Revenues		<u>1,026,036</u>

OPERATING EXPENDITURES

Operation and Maintenance	369,690	
Interest Expense		
Administration	40,900	
Depreciation	<u>265,232</u>	
Total Operating Expenditures		<u>675,822</u>
Operating Income (Loss)		350,214

NON-OPERATING INCOME (EXPENSE)

Interest Expense and Fees	(202,973)	
Interest on Investments	118,150	
Proceeds from Grant	0	
Transfers In (Out)	<u>(3,723)</u>	
Total Non-Operating Income (Expense)		<u>(88,546)</u>

NET INCOME (LOSS)	261,668
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RETAINED EARNINGS, BEGINNING	<u>4,496,077</u>
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Prior Period Adjustment	0
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RETAINED EARNINGS, ENDING	<u><u>\$4,757,745</u></u>
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The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
Combined Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended December 31, 2005

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Operating Income	\$261,668
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation	265,232
(Increase) Decrease in Account Receivables - Trade	(10,083)
(Increase) Decrease in SA Receivable	314,082
(Increase) Decrease in Property Taxes Receivable	(24,377)
Increase (Decrease) in Deferred Revenue	8,988
Increase (Decrease) in Accounts Payable	(139,345)
Increase (Decrease) in Security Deposits	11,945
Increase ( Decrease) in Accrued Interest Payable	(1,054)
Increase (Decrease) in Due to Other Funds	0
Net Cash Provided by Operating Activities	687,056
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Change in Deposits	0
Acquisition of Capital Assets	(316,024)
Net Cash Provided by Investing Activities	(316,024)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal paid on Long-Term Debt	(81,416)
Change in Deposits	0
Net Cash Used by Financing Activities	(81,416)
<b>TRANSFERS IN / (OUT)</b>	
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	289,616
<b>CASH AND EQUIVALENTS, BEGINNING</b>	1,004,836
<b>CASH AND EQUIVALENTS, ENDING</b>	<u>\$1,294,452</u>

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
Statement of Net Assets  
Trust and Agency Funds  
December 31, 2005

ASSETS

Cash	<u>\$1,076</u>
Total Assets	1,076

LIABILITIES AND NET ASSETS

Due to Other Agencies	<u>1,076</u>
Total Liabilities and Net Assets	<u>\$1,076</u>

The footnotes are an integral part of these Financial Statements.

## **CHARTER TOWNSHIP OF ELMWOOD FOOTNOTES TO FINANCIAL STATEMENTS**

### 1. Summary of Significant Accounting Policies

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

#### **A. Reporting Entity**

Elmwood Township is a Charter Township located in Leelanau County, Michigan. The Township is governed by an elected seven member board. Services are provided to approximately 4,300 residents and include fire protection, road maintenance, rubbish removal, a marina, water and sewer distribution and general community enrichment services.

The criteria established for determining the various agencies and boards to be included in the Township's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Township. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials". As such, the Township has no other agencies reported as Component Units of the Township which requires a discreet presentation in accordance with GASB 14.

#### **B. Government-Wide and Fund Financial Statements**

The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## C. Summary of Significant Accounting Policies

### Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

### Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

The accounting policies of the Township conform to generally accepted accounting principles and include the following fund types

#### 1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas where the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

3. Proprietary fund types include -

The *enterprise funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Fixed Assets

All Proprietary funds are accounted for on a cost of service measurement focus. The operating statements present increases and decreases in net total assets. Depreciation of all fixed assets is charged as an expense against their operations. Accumulated depreciation is reported on the balance sheet. Depreciation for the Proprietary funds is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Life</u>
Equipment	Straight Line	5-10 years
Plant	Straight Line	40 years
Fire Trucks	Straight Line	15 years

E. Fixed Assets - Governmental Funds

All Governmental funds are accounted for on a modified accrual basis of accounting. All capital outlay is expensed in the appropriated fund. Under GASB 34. All fixed assets (net of accumulated depreciation) and long term debt are booked on the balance sheet as Net Assets and Long Term Debt. Depreciation of all fixed assets is charged as an expense against their operations. Accumulated depreciation is reported on the balance sheet. Depreciation for the Governmental Funds is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Life</u>
Buildings	Straight Line	40 years
Equipment	Straight Line	5 to 25 years
Plant	Straight Line	30 to 50 years

## F. Budgets and Budgetary Accounting

The general fund and enterprise fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Township Board.

### 2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements.

The expenditures were all approved by the Board except for those which occurred as accounts payable at year end.

### 3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Township, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.
2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more than 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

### 4. Cash and Investments

#### A. Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivisions Act No. 20, Public Acts of 1943, as amended by Act No. 217, Public Acts of 1982, states the Authority by which Treasurers may invest funds and includes the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d) Repurchase agreements consisting of instruments listed in subdivision (a).
- e) Bankers' acceptances of United States banks.
- f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- g) Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 USC 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
  - i) The purchase of securities on a when-issued or delayed delivery basis.
  - ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
  - iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967.
- i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.
- j) The investment pools organized under the local government investment pool act, 1985 PA 121. In bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, in which the principal and interest is fully guaranteed by the United States.



B. Deposits of the Township are as authorized by the Township Board. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of the Township have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

	<u>Carrying Value</u>
Insured	\$ 100,000
Uninsured	\$ 550,139

The Township also has \$1,165,219 invested in certificates of deposit.

The Sewer Fund has investments with Huntington Investments as follows:

Huntington Money Market	\$ 1,816
US Treasury Bill	19,843
FHLB, FHLMC and FNMA	173,672

## 6. Long Term Debt

A. Listed below are descriptions of the bond issues and installment contracts in the township governmental activities and business activities.

1. Elmwood Township Special Assessment Bonds, 2004 Bond Issue dated 7/1/04, original issue amount \$1,200,000, interest rates 4.30% - 4.375%, interest due dates 3/1 and 3/1, principal due date 3/1. Used to finance Greilickville water main.
2. 1999 Elmwood Township Special Assessment Bonds, original issue amount \$195,000, interest rate 5.0% interest due dates 5/1 and 11/1, principal due date 11/1. Used to finance Leelanau Hills Special Assessment District.
3. 2002 Elmwood Township Special Assessment Bonds, original issue amount \$79,000, interest rate 4.85%, interest due dates 5/1 and 11/1, principal due date 11/1. Used to finance improvements to Timberlee Water Fund.
4. \$500,000 installment note payable to bank dates 7/26/02. 4.14% interest rate, principal and interest amounting to \$138,200 due annually on July 26. Used to finance construction of the fire hall.
5. \$419,000 installment note payable to bank dates 7/9/02. 4.51% interest rate, due in monthly installments of \$4,348 including interest. Used to finance the Marina expansion.

B. Changes in the long-term debt are schedules below:

Bonds Payable	Balance 01/01/05	Additions	Retirements	Balance 12/31/05
1999 SAB Leelanau Hills	79,000		21,000	58,000
2002 SAB Timberlee	58,000		8,000	50,000
2004 SAB Greilickville	1,200,000		35,000	1,165,000
Total	1,337,000		64,000	1,273,000
General Long-Term Debt				
4.14% NP Fire Hall	133,707		133,707	0
4.51% NP Marina Expansion	335,122		34,397	300,725
Total	468,829		134,104	300,725

c. Debt service requirements to maturity.

	Principal	Interest	Principal	Interest
2006	65,000	51,881	68,500	17,921
2007	60,000	49,179	70,402	14,661
2008	65,000	46,460	67,309	11,316
2009	65,000	43,633	53,303	8,314
2010	60,000	40,906	55,389	5,660
2011	60,000	38,281	57,571	3,090
2012	60,000	35,656	32,731	569
2013	65,000	32,922		
2014	60,000	30,188		
2015		27,555		
2016	120,000	24,915		
2017		22,230		
2018	120,000	19,500		
2019		16,695		
2020	120,000	13,815		
2021		10,875		

2022	120,000	7,875		
2023		4,845		
2024	125,000	1,657		
Total	1,165,000	519,068	405,205	61,531

#### 5. Use Of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### 7. Accounts Receivable

\$80,242 of accounts receivable represents billed sewer and water fees not yet collected.

#### 8. Interfund Transfers

##### General Fund

Due From Marina	\$35,923	
Due To Fire		90,312
Due To Sewer		5,584
Due To Timberlee		18,649

##### Fire Fund

Due From General	90,312
------------------	--------

##### Sewer Fund

Due From General	5,584
------------------	-------

##### Timberlee

Due from General	18,649
------------------	--------

##### Marina

Due to General	35,923
----------------	--------

#### 9. Pension Plan

The Township participates in a defined contribution pension plan covering all elected officials and other part-time employees. The Township contributes \$100 for each \$1000 of annual compensation. The Township's contribution for the year ended December 31, 2005 amounted to \$22,679.

#### 10. Deferred Compensation Plan

The Township offers all Township officers, officials and employees who are employed for more than thirty hours per week a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits the participants to defer a portion of their salary until future years.

#### 11. Compensated Absences and Post Employment Benefits

Employees are allowed to accrue four hours of sick leave each month. One quarter of the sick days vest under the Township's policy. In addition, employees are granted vacation leave up to 15 days annually depending upon years of service. Employees are permitted to carry over no more than five days of accumulated leave to the next calendar year. At December 31, 2005 the accrued vested liability was \$10,660.

#### 12. Risk Management

The Township carries liability insurance through Municipal Underwriters of Michigan as a protection against risk.

#### 13. Inventories

The Township does not maintain a substantial inventory of supplies or materials.

#### 14. Taxes Receivable

Taxes receivable are offset by deferred revenue until the beginning of the Township fiscal year, at which time the current levy is recognized as revenue. Total taxes receivable at December 31, 2005 were \$611,347.

#### 15. Segment Information - Enterprise Funds

	Sewer	Marina	Timberlee Water Fund	Greilickville Water Main Fund
Operating Revenue	241,828	386,039	67,740	0
Depreciation	94,132	107,893	15,602	47,605
Operating Income (Loss)	(29,706)	92,624	21,017	266,279
Current Capital Contributions				
Total Assets	2,373,278	1,955,191	428,496	2,427,628
Bonds and Long-term Debt		297,398	50,000	1,181,206
Total Equity	2,348,001	1,615,292	363,780	1,615,292

#### 16. Contingent Liabilities

Township management is aware of no contingent liabilities on the part of the Township.

## SUPPLEMENTAL STATEMENTS

**WILSON, WARD CPA FIRM**

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3015 M-137  
Interlochen, MI 49643

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To the Townsship Board  
Elmwood Township  
Traverse City, MI

We have audited the combined financial statements of the Elmwood Township, Michigan for the year ended December 31, 2005. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

*Wilson, Ward CPA Firm*

Interlochen, MI  
May 26, 2006

## General Fund

CHARTER TOWNSHIP OF ELMWOOD  
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended December 31, 2004 & December 31, 2005

	Original Budget	Final Budget	2004 Actual	2005	Variance Favorable (Unfavorable)
<u>Revenue</u>					
Current Property Taxes	\$134,900	\$134,900	\$128,889	\$136,436	1,536
Delinquent Taxes	10,100	10,100	11,902	13,643	3,543
PTAF	44,800	44,800	44,623	47,792	2,992
Licenses and Permits	60,400	60,925	52,252	74,353	13,428
Insurance Paybacks	0	0	36,000	0	0
Earned Interest	5,100	16,100	7,108	17,404	1,304
Rents and Royalties	11,700	11,700	12,474	14,274	2,574
Charges for Service	17,025	17,745	17,391	15,729	(2,016)
Woodlands	0	0	0	0	0
Contingency	0	0	0	0	0
State Shared Revenue	290,000	290,000	279,215	289,130	(870)
Uniform Traffic	3,200	3,200	3,172	4,789	1,589
Metro Act	0	0	2,452	0	0
Foundation Grant	0	0	0	0	0
Park Escrow	0	0	0	0	0
Other Revenue	1,245	0	3,236	37	37
Insurance Claim	0	0	0	0	0
Interest CDs	0	0	0	0	0
Total Revenues	\$578,470	\$589,470	\$598,714	\$613,587	24,117
<u>Expenditure</u>					
Legislative					
Township Board:					
Salaries and Wages	\$38,880	\$47,280	\$30,576	\$34,415	12,865
Mileage	50	50	0	0	50
Dues	6,000	6,000	6,252	4,788	1,212
Professional Fees	32,600	53,550	106,650	36,669	16,881
Public Access Franchise	7,000	14,300	8,933	14,277	23
Office Supplies	100	100	118	67	33
Other Functions			0	0	0
Misc	5,500	5,000	4,020	67	4,933
Parks Maint			0	0	0
Brownfield Redev			0	0	0
Specific Tax			0	0	0
Education	1,500	1,500	1,372	1,045	455
Printing	1,000	1,000	8,011	4,182	(3,182)
Total Township Board	\$92,630	\$128,780	\$165,932	\$95,510	33,270



CHARTER TOWNSHIP OF ELMWOOD  
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended December 31, 2004 & December 31, 2005

	Original Budget	Final Budget	2004 Actual	2005	Variance Favorable (Unfavorable)
General Government:					
Township Supervisor					
Salaries and Wages	36,945	37,070	33,013	28,000	9,070
Office Supplies	100	100	142	48	52
Transportation	400	400	454	161	239
Education and Training	800	800	282	1,101	(301)
Total Supervisor	38,245	38,370	33,891	29,310	9,060
Elections:					
Salaries and Wages			9,272		0
Office Supplies	200	700	1,879	(1,141)	1,841
Contract Services	100	100	1,878		100
Transportation	50	50	71		50
Printing and Supplies			3,172		0
Education			18	0	0
Total Elections	350	850	16,290	-1,141	1,991
Assessor:					
Salaries and Wages	55,910	56,110	38,900	40,000	16,110
Office Supplies	3,700	3,700	2,261	1,271	2,429
Operating Supplies	5,300	5,300	740	5,962	(662)
Transportation	1,000	1,000	1,009	699	301
Education			1,056	637	(637)
Total Assessor	65,910	66,110	43,966	48,569	17,541
Clerk:					
Salaries and Wages	48,594	48,794	34,657	38,995	9,799
Contract Services	2,000	2,000	2,076	1,950	50
Office Supplies	1,800	1,800	840	1,104	696
Transportation	100	100	2	48	52
Education	2,000	2,000	216	1,395	605
Repairs and Maintenance	300	300	24	0	300
Total Clerk	54,794	54,994	37,815	43,492	11,502
Board Of Review:					
Salaries and Wages	1,050	1,200	945	996	204
Office Supplies	100	100	87	19	81
Printing	130	130	123	263	(133)
Education	100	100		100	0
Total Board of Review	1,380	1,530	1,155	1,378	152
Treasurer:					
Salaries and Wages	52,354	52,554	40,884	41,884	10,670
Office Supplies	5,300	5,300	4,885	4,194	1,106
Transportation	200	200	170	192	8
Repairs and Maintenance	6,250	6,250	86	1,124	5,126
Education			421	0	0
Contract Services			6,775	5,291	(5,291)
Total Treasurer	64,104	64,304	53,221	52,685	11,619
Township Hall:					
Salaries and Wages	4,850	5,600	2,169	5,171	429
Office Supplies	6,000	6,200	5,060	5,801	399
Operating Supplies	1,100	1,100	657	1,629	(529)
Janitorial Service	3,300	3,300	2,975	3,174	126
Telephone	3,700	3,700	3,436	4,029	(329)
Repairs and Maintenance	15,000	19,225	3,625	11,770	7,455
Public Utilities	5,360	7,360	6,421	8,012	(652)
Total Township Hall	39,310	46,485	24,343	39,586	6,899
Total General Government	\$264,093	\$272,643	\$210,681	\$213,879	\$58,764

CHARTER TOWNSHIP OF ELMWOOD  
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended December 31, 2004 & December 31, 2005

	Original Budget	Final Budget	2004 Actual	2005	Variance Favorable (Unfavorable)
Public Safety					
Planning:					
Salaries and Wages	\$9,260	\$16,260	\$6,930	\$13,336	2,924
Office Supplies	300	300	274	287	13
Professional Fees-Legal	5,000	23,000	8,197	16,113	6,887
Contract Services-Planning	10,000	26,500	48,407	30,824	(4,324)
Printing	475	2,975	1,072	2,180	795
Education	1,200	1,200		1,519	(319)
Memberships	600	950	600	950	0
Total Planning	26,835	71,185	65,480	65,209	5,976
Planning Administration					
Salaries and Wages	36,760	36,760	32,550	32,550	4,210
Office Supplies	1,600	1,600		1,351	249
Education	1,000	1,000	764	299	701
Total Planning Administration	39,360	39,360	33,314	34,200	5,160
Zoning Board of Appeals:					
Salaries and Wages	3,770	3,770	1,902	1,542	2,228
Office Supplies	50	50	120		50
Professional Fees-Legal	1,000	1,000	808	0	1,000
Printing	500	500	137	234	266
Education	350	350	300	0	350
Total Zoning Board of Appeals	\$5,670	\$5,670	\$3,267	\$1,776	\$3,894
Zoning Administration					
Salaries and Wages	\$12,025	\$12,325	\$9,685	\$10,513	1,812
Office Supplies	\$75	\$75	\$39	\$0	75
Professional Fees-Legal	\$1,000	\$5,000	\$513	\$4,300	700
Transportation	\$250	\$250	\$285	\$348	(98)
Education	200	200	200	80	120
	13,550	17,850	10,722	15,241	2,609
Total Public Safety			112,783	116,426	
Public Works:					
Street Lighting	8,500	8,500	7,385	7,301	1,199
Recreation and Culture:					
Parks :					
Salaries and Wages	13,420	13,420	11,674	13,037	383
Planning Services	0	11,000	0	0	11,000
Repairs and Maintenance	7,000	7,000	8,994	16,536	(9,536)
Supplies	1,000	1,000	378	306	694
Public Utilities	1,130	1,130	1,277	1,048	82
Total	22,550	33,550	22,323	30,927	2,623

CHARTER TOWNSHIP OF ELMWOOD  
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended December 31, 2004 & December 31, 2005

	Original Budget	Final Budget	2004 Actual	2005	Variance Favorable (Unfavorable)
Other Functions					
Employee Fringe Benefits			54,136	56,795	(56,795)
Insurance and Bonds	10,000	10,000	11,688	9,339	661
Tax Tribunal Refunds	0	0	0	0	0
Total	10,000	10,000	65,824	66,134	(56,134)
Capital Outlay			13,686	0	
Total Expenditures	397,773	453,473	598,614	530,177	39,722
Excess Revenues Over (Under) Expenditure	180,697	135,997	100	83,410	(52,587)
Other Financing Sources (Uses)					
Transfers Out	102,000	102,000	137,799	48,188	53,812
Transfers In	39,500	39,500	35,000	40,900	(1,400)
Excess Revenue and Other Financing Sources Over (Under) Expenditures and Other Use:	118,197	73,497	(102,699)	76,122	1,225
Fund Balance - Beginning of Year			560,539	457,840	
Fund Balance - End of Year			457,840	533,962	

## Special Revenue Funds

CHARTER TOWNSHIP OF ELMWOOD  
Combining Balance Sheet  
All Special Revenue Funds  
December 31, 2004 & 2005

	Liquor Control Fund		Fire Fund		Police Fund		Street Lighting Fund		Total (Memo Only)	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
<b>ASSETS</b>										
Cash	\$0	\$0	\$58,547	\$20,097	\$51,424	\$44,489	\$493	\$530	\$110,464	\$65,116
Due From Other Funds	0	0	90,312	90,312	0	0			90,312	90,312
Due From State		0							0	0
Taxes Receivable			221,755	221,755	62,321	62,321	165	165	284,241	284,241
Total Assets	0	0	370,614	332,164	113,745	106,810	658	695	485,017	439,669
<b>LIABILITIES AND FUND EQUITY</b>										
<b>LIABILITIES:</b>										
Accounts Payable	0	0	12,306	8,012	16,970	15,745	0	0	29,276	23,757
Due to Other Funds									0	0
Deferred Taxes	0	0	221,755	221,755	62,321	62,321	0	0	284,076	284,076
Total Liabilities	0	0	234,061	229,767	79,291	78,066	0	0	313,352	307,833
<b>FUND EQUITY:</b>										
Fund Balance:										
Unreserved	0	0	136,553	102,397	34,454	28,744	658	695	171,665	131,836
Total Fund Equity	0	0	136,553	102,397	34,454	28,744	658	695	171,665	131,836
Total Liabilities and Fund Equity	\$0	\$0	\$370,614	\$332,164	\$113,745	\$106,810	\$658	\$695	485,017	439,669

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
All Special Revenue Funds  
For the Year Ended December 31, 2004 & 2005

	Liquor Control Fund		Fire Fund			Police Fund			Street Lighting Fund			Total	
	2004 Actual	Budget	2005 Actual	Variance	2004 Actual	Budget	2005 Actual	Variance	2004 Actual	Budget	2005 Actual	2004 Actual	2005 Actual
REVENUES													
Taxes	\$3,317	\$2,900	\$3,106	\$206	\$76,517	\$80,100	\$80,189	\$89	\$74,588	\$62,300	\$62,307	\$154,422	\$145,602
State Aid													
Charges for Services													
Interest					354	400	1,924	1,924				1,476	2,518
Other					736		369	(31)	574	350	1,260	1,310	1,629
Taxes					490				3,317	2,700	3,106	3,807	3,106
												0	0
Total Revenues	3,317	2,900	3,106	206	78,097	80,500	82,482	1,982	78,479	65,350	66,673	1,122	152,855
EXPENDITURES													
Public Safety/Routine Maintenance													
Other Administration					119,182	205,058	171,456	33,602	76,633	61,900	72,383	665	196,480
Construction Improvements					0		0				0	0	244,396
Contracted Services					8,012						0	8,012	0
Law Enforcement	3,317	2,900	3,106	(206)								3,317	3,106
Capital Outlay					21,738				1,438			23,176	0
Total Expenditures	3,317	2,900	3,106	(206)	149,932	205,058	171,456	33,602	78,071	61,800	72,383	665	247,502
EXCESS REVENUES OVER (UNDER)													
EXPENDITURES	0		0		(70,835)		(88,974)		408		(5,710)	457	(94,647)
FUND BALANCE, BEGINNING	0		0		109,077		136,553		34,046		34,454	201	171,665
Transfer In	0		0		90,299		54,818						54,818
FUND BALANCE, ENDING	\$0		\$0		\$128,542	\$0	\$102,397		\$34,454		\$28,744	\$658	\$131,836

The footnotes are an integral part of these Financial Statements.

## Debt Service Funds

CHARTER TOWNSHIP OF ELMWOOD  
Combining Balance Sheet  
All Debt Service Funds  
December 31, 2004 & 2005

	Fire Building Fund	2005	2004	Northern Lights Fund	2005	2004	Leelanau Hills Fund	2005	2004	Totals Memo Only
<b>ASSETS</b>										
Cash										
Due From General Fund	\$2,789	\$0	\$769	\$512	\$43,158	\$36,095	\$46,716	\$36,607		
Due From State										
Special Assessment Receivable			15,021	14,695	37,146	31,168	52,167	45,863		
Total Assets	2,789	0	15,790	15,207	80,304	67,263	98,883	82,470		
<b>LIABILITIES AND FUND EQUITY</b>										
<b>LIABILITIES:</b>										
Accounts Payable	0	0	0	0	0	0	0	0		
Due to Other Funds										
Deferred Taxes			15,021	15,020	37,146	31,022	52,167	46,042		
Total Liabilities	0	0	15,021	15,020	37,146	31,022	52,167	46,042		
<b>FUND EQUITY:</b>										
Fund Balance:										
Unreserved	2,789	(1)	769	187	43,158	36,242	46,716	36,428		
Total Fund Equity	2,789	(1)	769	187	43,158	36,242	46,716	36,428		
Total Liabilities and Fund Equity	\$2,789	-\$1	\$15,790	\$15,207	\$80,304	\$67,263	\$98,883	\$82,470		

The footnotes are an integral part of these Financial Statements.



CHARTER TOWNSHIP OF ELMWOOD  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
All Debt Service Funds  
For the Year Ended December 31, 2004 & 2005

	Fire Building Fund	2004 Actual	2005 Actual	2004 Actual	2005 Actual	Northern Lights Fund	2004 Actual	2005 Actual	2004 Actual	2005 Actual	Leelanau Hills Fund	2004 Actual	2005 Actual	Totals Memo Only
REVENUES														
Taxes														
State Aid														
Special Assessments														
Charges for Services														
Interest														
Other														
Taxes														
Total Revenues														
EXPENDITURES														
Debt Service														
Public Works														
Construction Improvements														
Contracted Services														
Law Enforcement														
Capital Outlay														
Total Expenditures														
EXCESS REVENUES OVER (UNDER)														
EXPENDITURES														
FUND BALANCE, BEGINNING														
Transfer In														
FUND BALANCE, ENDING														

The footnotes are an integral part of these Financial Statements.

## Enterprise Funds

CHARTER TOWNSHIP OF ELMWOOD  
Combining Balance Sheet  
All Enterprise Funds  
For the Years Ended December 31, 2005

	Sewer Fund	Timberlee Water Fund	Greilickville Water Fund	Marina Fund	Total
<b>ASSETS</b>					
Cash	\$218,764	\$88,080	\$388,442	\$599,166	1,294,452
Account Receivable - Trade	71,825	18,500	0		90,325
Account Receivable - SA		0	849,945		849,945
Due From Other Funds	5,584	18,650			24,234
Other Rec	685	989			1,674
Deferred Receivable	0	22,703			22,703
Prepaid Expenses			46,734		46,734
Property, Plant & Equipment	3,774,997	470,743	1,190,112	2,560,272	7,996,124
Less: Accumulated Depreciation	(1,698,577)	(191,169)	(47,605)	(1,204,247)	(3,141,598)
<b>Total Assets</b>	<b>2,373,278</b>	<b>428,496</b>	<b>2,427,628</b>	<b>1,955,191</b>	<b>7,184,593</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES:</b>					
Accounts Payable	1,744	14,716	0	6,578	23,038
Deferred Revenue	8,588		815,750		824,338
Security Deposits	11,945	0			11,945
Receipts refundable	3,000				3,000
Due To Other Funds	0	0		35,923	35,923
Bond Payable			1,181,206		1,181,206
Installment Contract Payable		50,000		297,398	347,398
<b>Total Liabilities</b>	<b>25,277</b>	<b>64,716</b>	<b>1,996,956</b>	<b>339,899</b>	<b>2,426,848</b>
<b>FUND EQUITY:</b>					
Retained Earnings					
Unreserved	2,348,001	363,780	430,672	1,615,292	4,757,745
Reserved	0				0
<b>Total Fund Equity</b>	<b>2,348,001</b>	<b>363,780</b>	<b>430,672</b>	<b>1,615,292</b>	<b>4,757,745</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$2,373,278</b>	<b>\$428,496</b>	<b>\$2,427,628</b>	<b>\$1,955,191</b>	<b>7,184,593</b>

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
Combining Comparative Statement of Revenues, Expenses and Changes in Retained Earnings  
All Enterprise Funds  
For the Years Ended December 31, 2005

	Sewer Fund	Timberlee Water Fund	Greilickville Water Fund	Marina Fund	Total
<b>OPERATING REVENUES</b>					
Charges for Service	\$241,828	\$67,740	\$13,155	\$386,039	\$708,762
Tax Assessments	5,002	1,328	303,265	0	309,595
Refunds and Other	0	7,679	0	0	7,679
<b>Total Revenues</b>	<b>246,830</b>	<b>76,747</b>	<b>316,420</b>	<b>386,039</b>	<b>1,026,036</b>
<b>OPERATING EXPENDITURES</b>					
Personnel Services	0	0		84,595	84,595
Supplies	636	509		12,102	13,247
Contractual Services	4,728	2,784	1,615	17,247	26,374
Computer Services	5,524				5,524
Maintenance & Repairs	50,776	27,742	917	19,045	98,480
Utilities	108,820	6,801		13,297	128,918
Insurance	1,066	792		1,549	3,407
Transportation	154	0		32	186
Administrative Fee	10,700	1,500		28,700	40,900
Bank Charges			4	8,227	8,231
Other Expenses				728	728
Depreciation and Amortization	94,132	15,602	47,605	107,893	265,232
<b>Total Expenditures</b>	<b>276,536</b>	<b>55,730</b>	<b>50,141</b>	<b>293,415</b>	<b>675,822</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(29,706)</b>	<b>21,017</b>	<b>266,279</b>	<b>92,624</b>	<b>350,214</b>
<b>NON-OPERATING INCOME (EXPENSE)</b>					
Interest - Investments	39,092	1,116	8,225	18,135	66,568
Interest - Special Assessments			51,582		51,582
Interest - Debt Payments	(118,888)	(1,407)	(63,162)	(19,516)	(202,973)
Transfers In (Out)	0	0	(11,135)	7,412	(3,723)
<b>Total Non-Operating Income (Expenses)</b>	<b>(79,796)</b>	<b>(291)</b>	<b>(14,490)</b>	<b>6,031</b>	<b>(88,546)</b>
<b>NET INCOME (LOSS)</b>	<b>(109,502)</b>	<b>20,726</b>	<b>251,789</b>	<b>98,655</b>	<b>261,668</b>
<b>RETAINED EARNINGS, BEGINNING</b>	<b>2,457,503</b>	<b>343,054</b>	<b>178,883</b>	<b>1,516,637</b>	<b>4,496,077</b>
<b>RETAINED EARNINGS, ENDING</b>	<b>\$2,348,001</b>	<b>\$363,780</b>	<b>\$430,672</b>	<b>\$1,615,292</b>	<b>\$4,757,745</b>

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